

## Message Text

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12

ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 AID-05

CEA-01 CIAE-00 COME-00 EB-07 EA-06 FRB-03 INR-07

IO-10 NEA-09 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01

LAB-04 SIL-01 OMB-01 FEA-01 USIA-06 XMB-02 NRC-05

ACDA-05 L-02 NSC-05 OES-03 SAM-01 /103 W

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O R 080602Z MAY 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 1778

INFO USMISSION OECD PARIS

C O N F I D E N T I A L MADRID 3152

E.O. 11652: GDS

TAGS: ECON, ENRG, OECD, SP

SUBJECT: SPANISH INTERESTS AT OECD AND IEA MEETINGS

REF: MADRID 3011; DURKEE/GOODMAN TELCON MAY 5

1. GOS HAS STILL NOT FOCUSED ON SUBJECT MEETINGS AND HAS BEEN ABLE TO FURNISH US NO INFORMATION EXCEPT THAT MINISTER OF FINANCE CABELLO DE ALBA AND FOREIGN MINISTER CORTINA ARE LIKELY PARTICIPANTS IN ONE OR BOTH MEETINGS.

2. MAJOR SPANISH ECONOMIC WORRY HAS SHIFTED FROM CONCERN OVER GROWING UNEMPLOYMENT TO TWIN PROBLEMS OF INFLATION AND BALANCE OF PAYMENTS SITUATION, PARTICULARLY SPAIN'S ENORMOUS TRADE DEFICIT WHICH WAS \$7.1 BILLION IN 1974 ON FOB-FOB BASIS AND SO FAR THIS YEAR IS RUNNING AHEAD OF '74 LEVEL. GOS IS PARTICULARLY PRONE TO POINT OUT THE VERY LARGE DEFICIT SPAIN RUNS WITH US. SPANISH HAVE NOTED PUBLICLY ON NUMEROUS OCCASIONS THAT THEY HAVE PURSUED LIBERAL TRADE POLICY (NOT A NOTABLY ACCURATE DESCRIPTION OF SPANISH IMPORT POLICY) WHILE PRACTICALLY ALL OTHER  
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COUNTRIES HAVE INCREASINGLY ERECTED BARRIERS OF VARIOUS

KINDS TO SPANISH EXPORTS. GOS MAY BE EXPECTED TO USE THIS AS BACKGROUND FOR LIKELY REQUEST FOR GSP (SEE REFTEL) AND MAY ALSO CHOOSE TO SAY SOMETHING TO EFFECT THAT SPAIN COULD BE FORCED INTO SOME KIND OF IMPORT RESTRICTION MEASURES IF EXPORTS DO NOT IMPROVE SUFFICIENTLY TO CUT TRADE DEFICIT OCCASIONED BY LARGE, BUT FAIRLY STEADY, LEVEL OF IMPORTS. WE HAVE NO INDICATION OF ANY SPECIFIC MEASURES NOW BEING CONTEMPLATED BY GOS IN THIS REGARD, BUT OECD HAS NOTED CERTAIN RECENT SPANISH COMMENTS ALONG THIS LINE, AND BALANCE OF PAYMENTS PICTURE IS SUFFICIENTLY WORRISOME THAT IT IS LOGICAL TO EXPECT GOS MIGHT BE CONSIDERING SOMETHING IN THIS DIRECTION. WHILE FINANCING ARRANGEMENTS FOR BALANCE OF PAYMENTS SEEM ADEQUATE FOR 1975, GOS SAYS IT IS FINDING IT INCREASINGLY DIFFICULT TO BORROW ABROAD. BEYOND POSSIBLE MENTION OF GSP AND IMPORT RESTRICTIONS, GOS COULD CHOOSE TO NEEDLE US AGAIN ON COUNTERVAILING DUTIES ON SHOES AND OLIVES. THEY REALIZE THESE DUTIES HAVE HAD LITTLE OR NO EFFECT ON THEIR EXPORTS, BUT THEY ARE WORRIED THAT THE DUTIES MAY BE INCREASED.

3. IN IEA MEETING US DEL SHOULD ANTICIPATE QUESTIONS FROM SPANISH ABOUT US SUPPLIES OF ENRICHED URANIUM. GOS HAS SEVEN CONTRACTS WITH USG FOR THESE SUPPLIES, BUT SIX HAVE BEEN MADE CONDITIONAL ON LEGAL DECISION IN US PERMITTING USE OF PLUTONIUM RECYCLE PROCESS IN URANIUM ENRICHMENT. EMBASSY MADRID HAS HAD TO INFORM GOS THAT DECISION PREVIOUSLY HOPED FOR BY JULY 1, 1975, CANNOT BE TAKEN BY THAT DATE. GOS HAS LONG EXPRESSED CONCERN OVER WHETHER ENRICHED URANIUM SERVICES WILL BE AVAILABLE FROM US. IT IS NOW RATHER PUBLICLY DISCUSSING WITH USSR POSSIBILITY OF FURNISHING THESE SERVICES.  
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## Message Attributes

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